

Message Text

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15

ACTION STR-08

INFO OCT-01 EA-11 ISO-00 FEA-02 AGR-20 CEA-02 CIAE-00

COME-00 DODE-00 EB-11 FRB-03 H-03 INR-11 INT-08 L-03

LAB-06 NSAE-00 NSC-07 PA-04 RSC-01 AID-20 CIEP-03

SS-20 TAR-02 TRSE-00 USIA-15 PRS-01 SP-03 OMB-01

SWF-02 IO-14 /182 W

----- 067559

R 190526Z SEP 74

FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 4105

INFO AMCONSUL BRISBANE

AMCONSUL MELBOURNE

AMCONSUL PERTH

AMCONSUL PORT MORESBY

AMCONSUL SYDNEY

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SYDNEY ALSO PASS USTC

E.O. 11652: N/A

TAGS: ETRD, AS

SUBJ: AUSTRALIAN IMPORT POLICY

REF: (A) STATE 203975 (NOTAL) (B) CANBERRA 5889 (C) CANBERRA
5406 (NOTAL) (D) CANBERRA 5011 (NOTAL) (E) CANBERRA 4351 (NOTAL)

1. AT THIS TIME THERE IS NOTHING OTHER THAN SPECULATION TO BE
ADDED TO OUR PREVIOUS REPORTS CONCERNING AUSTRALIAN IMPORT
POLICY PROSPECTS.

2. WE DO BELIEVE THE PROSPECT MENTIONED IN BUSINESS WEEK THAT
AUSTRALIA WOULD RAISE ITS OVERALL TARIFF LEVEL AS A MEANS
OF EASING PORT CONGESTION IS REMOTE. THERE IS A DIFFICULT PORT
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CONGESTION PROBLEM, WHICH INCLUDES NOT ONLY WATERSIDE LABOR

PROBLEMS MENTIONED BY BUSINESS WEEK BUT ALSO TENDENCY OF CREDIT-STRAPPED IMPORTERS TO DELAY TAKING DELIVERY FROM CUSTOMS WAREHOUSES. THIS PROBLEM HOWEVER IS DISTINCTLY LESS SERIOUS AT AUSTRALIAN PORTS OTHER THAN SYDNEY, AS EVIDENCED BY THE FACT CITED IN THE ARTICLE THAT PORT SURCHARGES CURRENTLY CONFINED TO SYDNEY.

3. IN PRACTICE, THE DOMESTIC MANUFACTURING EMPLOYMENT IMPACT OF IMPORTS IS A FAR MORE IMMEDIATE AND WEIGHTY CONSIDERATION IN THE GOA'S POLICY DELIBERATIONS THAN PORT CONGESTION, AND FOR BETTER OR WORSE THESE EMPLOYMENT EFFECTS ARE FAR MORE LIKELY TO BE CONTROLLING IN GOVERNMENT TARIFF POLICY DECISIONS THAN PORT CONGESTION.

4. ON THE SUBSTANCE OF TARIFF POLICY OUTLOOK, THE PRESENT PROSPECT IS FOR CONTINUATION OF THE GENERAL LIBERALIZATION, ACCOMPANIED BY A WILLINGNESS TO CONSIDER SPECIAL TARIFF RELIEF ON INDIVIDUAL PRODUCT GROUPS WHERE IMPORT COMPETITION CREATES EXCEPTIONAL DOMESTIC DIFFICULTY. THE COMBINATION OF EXPORT RESTRAINTS AND IMPORT LIMITATIONS ON CERTAIN TEXTILE PRODUCTS FROM SELECTED COUNTRIES HAS ALREADY BEEN REPORTED IN REF (E). THE GOVERNMENT HAS JUST REFERRED REQUESTS FOR PROTECTIVE ACTION AGAINST SHOE IMPORTS TO THE INDUSTRIES ASSISTANCE COMMISSION FOR CONSIDERATION UNDER A SPECIAL 30-DAY REVIEW PROCEDURE. THERE WILL UNDOUBTEDLY BE MORE CASES OF THIS KIND AS TIME GOES ON. AS REPORTED IN REF (B) THERE IS STRONG PRESSURE, ON WHICH NO DECISION HAS BEEN MADE, FOR IMPORT QUOTAS ON ASSEMBLED AUTOMOBILES.

5. IN THE LONGER RUN OF COURSE, DEPENDING UPON FUTURE ECONOMIC DEVELOPMENTS, NOBODY CAN EXCLUDE THE POSSIBILITY OF BROAD OR EVEN ACROSS-THE-BOARD MEASURES REVERSING ALL OR PART OF THE RECENT IMPORT LIBERALIZATION. THE MOST OBVIOUS POSSIBILITIES WOULD BE A DEVALUATION, WHICH WOULD BE MOTIVATED AT LEAST IN PART BY ITS IMPORT EFFECTS OR A NARROWER IMPORT MEASURE SUCH AS REVOCATION OF ALL OR PART OF THE 25 PCT. TARIFF CUT OF JULY 1973. FOR THE PRESENT AND FORESEEABLE FUTURE, HOWEVER, THE GOVERNMENT APPEARS TO BE FIRM IN ITS DESIRE TO AVOID THE INFLATIONARY EFFECTS OF SUCH MEASURES AND IT IS FOR THIS REASON THAT WE THINK ANY SHORT TERM ACTION IS LIKELY TO BE CONFINED TO LIMITED OFFICIAL USE

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"ESCAPE CLAUSE" TYPE MEASURES CORRESPONDING CLOSELY TO THE INDIVIDUAL INDUSTRY UNEMPLOYMENT PROBLEMS CAUSED BY IMPORT COMPETITION.
GREEN

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